

we have seen happen many times recently, many hospitals will dramatically scale back their outpatient and other services for those in need.

Particularly in the rural areas of our nation, having a hospital close down would mean losing access to life-saving medical services. It would also have a dramatic effect on the community's economy. Hospitals are often the core components of the local community. To have the hospital close down would mean the loss of jobs and of businesses. It would have a ripple effect on the neighborhood, destroying its sense of stability and community.

This legislation addresses the unique situation of teaching hospitals. These hospitals, which are centers of experimental, innovative and technically sophisticated services as well as routine care and services, tend to incur much higher costs. We must recognize the higher costs these teaching hospitals incur to provide adequate learning experiences and faculty support to medical students. To do this, we must increase the indirect medical education adjustment one percentage point to 6.4 percent for FY 2003 and the future.

In addition, this legislation will reverse cuts previously enacted by Congress regarding the annual market basket updates. These cuts are unnecessary and harmful. For a hospital to effectively compete for skilled workers, especially in these days of tight labor markets, it is critical to have an adequate overall revenue stream. Medicare's measure of inflation, the market basket update, plays a key role in determining the adequacy of these payments from year to year.

As hospital costs increase rapidly in every area from labor to pharmaceuticals to blood and blood products to the costs of compliance with new regulations, the market basket update must keep pace. This legislation eliminates the update reductions mandated earlier.

It is critical that we not neglect our health care system and that we continue to invest in the very foundation of that system, our hospitals. I look forward to working with my colleagues on both sides of the aisle to ensure that this bill meets that objective yet still fits within our overall budgetary constraints.

This legislation represents our obligation to not only our most vulnerable citizens, but also to all Americans. Our hospitals provide the highest level and quality of care in the world. This bill ensures that they will be able to continue to do so, and I urge my colleagues to cosponsor and support it.

AMENDMENTS SUBMITTED AND PROPOSED

SA 378. Mr. KENNEDY (for Mrs. MURRAY) proposed an amendment to amendment SA 358 proposed by Mr. JEFFORDS to the bill (S.

1) to extend programs and activities under the Elementary and Secondary Education Act of 1965.

SA 379. Mr. KENNEDY (for Ms. MIKULSKI for herself and Mr. KENNEDY) proposed an amendment to amendment SA 358 proposed by Mr. JEFFORDS to the bill (S. 1) supra.

SA 380. Mr. ALLEN (for himself and Mr. WARNER) proposed an amendment to amendment SA 358 proposed by Mr. JEFFORDS to the bill (S. 1) supra.

SA 381. Mr. ALLARD submitted an amendment intended to be proposed by him to the bill S. 1, supra; which was ordered to lie on the table.

SA 382. Mr. DODD proposed an amendment to amendment SA 358 proposed by Mr. JEFFORDS to the bill (S. 1) supra.

TEXT OF AMENDMENTS

SA 378. Mr. KENNEDY (for Mrs. MURRAY) proposed an amendment to amendment SA 358 proposed by Mr. JEFFORDS to the bill (S. 1) to extend programs and activities under the Elementary and Secondary Education Act of 1965; as follows:

On page 383, after line 21, add the following:

SEC. 203. CLASS SIZE REDUCTION.

Title II of the Elementary and Secondary Education Act of 1965, as amended by sections 201 and 202, is further amended by adding at the end the following:

"PART E—CLASS SIZE REDUCTION

"SEC. 2501. GRANT PROGRAM.

"(a) PURPOSE.—The purposes of this section are—

"(1) to reduce class size through the use of highly qualified teachers;

"(2) to assist States and local educational agencies in recruiting, hiring, and training 100,000 teachers in order to reduce class sizes nationally, in the early grades, to an average of 18 students per regular classroom; and

"(3) to improve teaching in those grades so that all students can learn to read independently and well by the end of the 3rd grade.

"(b) ALLOTMENT TO STATES.—

"(1) RESERVATION.—From the amount made available to carry out this part for a fiscal year, the Secretary shall reserve not more than 1 percent for the Secretary of the Interior (on behalf of the Bureau of Indian Affairs) and the outlying areas for activities carried out in accordance with this section.

"(2) STATE ALLOTMENTS.—

"(A) HOLD HARMLESS.—

"(i) IN GENERAL.—Subject to subparagraph (B) and clause (ii), from the amount made available to carry out this part for a fiscal year and not reserved under paragraph (1), the Secretary shall allot to each State an amount equal to the amount that such State received for the preceding fiscal year under this section or section 306 of the Department of Education Appropriations Act, 2001 (as enacted into law by section 1(a)(1) of Public Law 106-554), as the case may be.

"(ii) RATABLE REDUCTION.—If the amount made available to carry out this part for a fiscal year and not reserved under paragraph (1) is insufficient to pay the full amounts that all States are eligible to receive under clause (i) for such fiscal year, the Secretary shall ratably reduce such amounts for such fiscal year.

"(B) ALLOTMENT OF ADDITIONAL FUNDS.—

"(i) IN GENERAL.—Subject to clause (ii), for any fiscal year for which the amount made available to carry out this part and not re-

served under paragraph (1) exceeds the amount made available to the States for the preceding year under the authorities described in subparagraph (A)(i), the Secretary shall allot to each of those States the percentage of the excess amount that is the greater of—

"(I) the percentage the State received for the preceding fiscal year of the total amount made available to the States under section 1122; or

"(II) the percentage so received of the total amount made available to the States under section 2202(b), as in effect on the day before the date of enactment of the Better Education for Students and Teachers Act, or the corresponding provision of this title, as the case may be.

"(ii) RATABLE REDUCTIONS.—If the excess amount for a fiscal year is insufficient to pay the full amounts that all States are eligible to receive under clause (i) for such fiscal year, the Secretary shall ratably reduce such amounts for such fiscal year.

"(c) ALLOCATION TO LOCAL EDUCATIONAL AGENCIES.—

"(1) ALLOCATION.—Each State that receives funds under this section shall allocate a portion equal to not less than 99 percent of those funds to local educational agencies, of which—

"(A) 80 percent of the portion shall be allocated to those local educational agencies in proportion to the number of children, age 5 through 17, from families with incomes below the poverty line (as defined by the Office of Management and Budget and revised annually in accordance with section 673(2) of the Community Services Block Grant Act) applicable to a family of the size involved, who reside in the school district served by that local educational agency for the most recent fiscal year for which satisfactory data are available, compared to the number of those children who reside in the school districts served by all the local educational agencies in the State for that fiscal year; and

"(B) 20 percent of the portion shall be allocated to those local educational agencies in accordance with the relative enrollments of children, age 5 through 17, in public and private nonprofit elementary schools and secondary schools within the areas served by those agencies.

"(2) EXCEPTION.—Notwithstanding paragraph (1) and subsection (d)(2)(B), if the award to a local educational agency under this section is less than the starting salary for a new highly qualified teacher for a school served by that agency who is certified or licensed within the State, has a baccalaureate degree, and demonstrates the general knowledge, teaching skills, and subject matter knowledge required to teach in the content areas in which the teacher teaches, that agency may use funds made available under this section to—

"(A) help pay the salary of a full- or part-time teacher hired to reduce class size, which may be done in combination with the expenditure of other Federal, State, or local funds; or

"(B) pay for activities described in subsection (d)(2)(A)(iii) that may be related to teaching in smaller classes.

"(3) STATE ADMINISTRATIVE EXPENSES.—The State educational agency for a State that receives funds under this section may use not more than 1 percent of the funds for State administrative expenses.

"(d) USE OF FUNDS.—

"(1) MANDATORY USES.—Each local educational agency that receives funds under